

Message Text

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ACTION OPIC-12

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FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 8158

UNCLAS NEW DELHI 13984

FOR OPIC

E.O. 11652: N/A

TAGS:

SUBJECT: COOLEY LOAN NO. 386-E-146

YORK INDIA LIMITED

1. ON 29 NOVEMBER 1973 JAMES R. KLINE, DIRECTOR YORK ASIA - PACIFIC DISCUSSED WITH US YORK INDIA'S MAJOR OPERATIONAL PROBLEMS.
2. KLINE HAS BEEN SENT BY BORG WARNER TO STUDY YORK INDIA'S CURRENT BUSINESS OPERATIONS AND MAKE RECOMMENDATIONS REGARDING BORG WARNER'S FUTURE INVOLVEMENT IN YORK INDIA. KLINE PROPOSES TO HAVE DETAILED DISCUSSIONS WITH YORK INDIA MANAGEMENT, ITS COMPETITORS IN BOMBAY AND MAJOR SHARE HOLDER G.L. BIRLAS IN CALCUTTA. KLINE PLANS DISCUSS HIS FINDINGS WITH BORG WARNER ON RETURN TO U.S.
3. KLINE STATED THAT POSSIBLE OPTIONS AVAILABLE TO B-W INCLUDE (A) WITHDRAWAL ENTIRELY FROM YORK INDIA AND INDIA (B) WITHDRAWAL FROM YORK INDIA AND NEW COLLABORATION WITH EXISTING SUCCESSFUL INDIAN REFRIGERATION MANUFACTURER AND (C) INCREASED INVOLVEMENT B-W IN OPERATIONS OF YORK INDIA.
4. WE NOTED THAT ANY DISENGAGEMENT BY BORG WARNER WITHOUT OPIC CONSENT WOULD BE SERIOUS VIOLATION OF LOAN AGREEMENT AND COULD POSSIBLY JEOPARDIZE BORG WARNER CREDIBILITY WITH OPIC/WASHINGTON.
5. WE ALSO EMPHASIZED THAT, IN OUR OPINION, PROBLEMS YORK INDIA STEM FROM INADEQUATE MANAGEMENT, PARTICULARLY IN CONTRACT BIDDING

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AND IMPLEMENTATION, RATHER THAN LACK OF MARKET OR OTHER EXTERNAL

CONSTRAINTS. KLINE CONCURS THIS ASSESSMENT, BUT SEEKING ADDITIONAL INFORMATION PRIOR TO FINALIZING HIS RECOMMENDATIONS.

6. COPY OF DETAILED MEM CON WILL BE FORWARDED SHORTLY.

7. REQUEST OPIC CONTACT BORG WARNER AND INDICATE CONCERN OVER POSSIBLE PULL OUT FROM YORK INDIA. ALSO, PLEASE NOTE TO BORG WARNER DESIRABILITY OF REPLACING YORK INDIA TOP AND TECHNICAL MANAGEMENT AND TAKING MORE ACTIVE ROLE IN COMPANY OPERATIONS.MOYNIHAN

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